

RHODE ISLAND ECONOMIC DEVELOPMENT CORPORATION

MEETING OF DIRECTORS

PUBLIC SESSION

JULY 25, 2005

The Board of Directors of the Rhode Island Economic Development Corporation (the "Corporation") met on Monday, July 25, 2005, in Public Session, at 4:00 p.m., at the offices of the Rhode Island Economic Development Corporation located at One West Exchange Street, Providence, Rhode Island, pursuant to notice of the meeting to all Directors, and public notice of the meeting, a copy of which is attached hereto, as required by the By-Laws of the Corporation and applicable Rhode Island law.

The following Directors were present and participated throughout the meeting as indicated: Governor Donald L. Carcieri, Mr. Keith Stokes, Mr. Joshua Miller, Ms. Barbara Jackson and Ms. Cheryl Merchant.

Directors absent: Mr. Frank Montanaro, Mr. George Shuster and Ms. Alma Green.

Also present were: Executive Director Michael McMahon, members of the Corporation's staff and Attorney Robert I. Stolzman.

Governor Carcieri presided over the meeting and Attorney Robert I. Stolzman acted as Secretary.

1. CALL TO ORDER

Governor Carcieri called the meeting to order at 4:15 p.m.

2. APPROVAL OF THE PUBLIC SESSION MINUTES OF THE MEETING HELD ON JUNE 27, 2005

Upon motion duly made by Mr. Stokes and seconded by Ms. Jackson, the following vote was adopted:

VOTED: To approve the public session minutes of the meeting held on June 27, 2005, as presented to the Board this date.

Voting in favor of the foregoing were: Mr. Stokes, Mr. Miller, Ms. Jackson and Ms. Merchant.

Voting against the foregoing were: None.

3. FOR RATIFICATION OF ACTIONS TAKEN AT MEETING HELD ON JUNE 27, 2005

Mr. Stolzman reminded the Board that Mr. Shuster participated in the June Board meeting by telephone and asked, out of an abundance of caution, for ratification of all actions taken at the June Board meeting, the most significant of which was the granting of Project Status to Stanley Bostitch.

Upon motion duly made by Ms. Jackson and seconded by Mr. Stokes, the following vote was adopted:

VOTED: See text of Vote at **Exhibit A**.

Voting in favor of the foregoing were: Mr. Stokes, Mr. Miller, Ms. Jackson and Ms. Merchant.

Voting against the foregoing were: None.

4. EXECUTIVE DIRECTOR'S REPORT

Mr. McMahon reported that the good news is that Rhode Island's job count has increased for the ninth straight month, and that the new jobs created are reasonably distributed across all sectors. He noted that although the hourly wage in the manufacturing sector is slightly down for the last month, manufacturing wages have shown a slight increase over the past year.

Governor Carcieri commented that job growth numbers in a recent article published in the Providence Journal were reversed, and Rhode Island exceeded Massachusetts job growth. Although the subject of the article was about how Rhode Island has been outpacing Massachusetts in adding new jobs, the numbers were reversed in the article to indicate otherwise. Governor Carcieri stated that Rhode Island has added more jobs than any other state in New England since 2001. He also noted that a press conference was scheduled for Friday regarding Fidelity, the subject of which will be additional good news to the state.

5. FOR APPROVAL OF LINCOLN PARK PROJECT

Executive Director McMahon asked Ms. Jeanne Robertson to present the application of BLB Investors, LLC ("BLB"), Lincoln Park, for project status. For the benefit of new board member, Ms. Cheryl Merchant, Ms. Robertson explained that the RIEDC Board determines if certain company projects meet the requirements of "project status", which is an incentive designed to refund sales taxes on building materials, furniture, fixtures and equipment for new construction where a minimum number of jobs are to be created. The incentive is usually good for a three year period, and is offset by the personal income tax stream to the State on the jobs created, including construction jobs. Ms. Robertson noted that the Board can limit the taxes eligible for refund depending on the particular circumstances of each project.

Ms. Robertson distributed a revised Economic Impact Analysis of BLB (attached to vote at **Exhibit B**) with respect to its proposed three phase renovation and expansion of Lincoln Park's current racino facility in Lincoln. BLB's investment in the renovation will cost about \$125 million, and, in return for the increased income tax revenue created by the addition of approximately 500 jobs, BLB will save about \$3.85 million in sales taxes. Ms. Robertson reported that the income tax revenue from the construction jobs alone will be enough to offset the sales tax abatement. She stated that the addition of 500 jobs will add \$17 million to the annual payroll, which will generate approximately \$1.2 million in income tax revenue.

In response to an inquiry of Ms. Merchant, Ms. Robertson stated that there is a system in place to verify the numbers once the project is underway. She explained that a copy of the vote granting project status will be sent to the Division of Taxation, along with the contract between the EDC and the company, which will then monitor the income tax revenue and the sales tax savings for compliance.

Upon inquiry of Ms. Jackson, Ms. Robertson stated that the part time jobs do include benefits, the amount of which is dependent on the number of hours worked. She reported that four different unions are represented by the jobs to be created in this case, which traditionally translates to higher paying jobs.

Ms. Robertson confirmed Mr. Miller's assumption that BLB is not asking for nor is the EDC granting any more benefits than is normal.

In reply to a question of Mr. Stokes, Ms. Robertson stated that Newport Grand has not requested project status.

Mr. Stokes suggested that the EDC play a role in notifying minority companies about the jobs to be created by BLB, and Governor Carcieri expressed his agreement with this suggestion. Governor Carcieri stated that the DOA should inform the minorities of the available jobs, and Attorney Stolzman suggested that this be included in the contract with BLB.

Upon motion duly made by Mr. Stokes and seconded by Ms. Merchant, the following vote was adopted:

VOTED: See text of Vote at **Exhibit B**, as amended.

Voting in favor of the foregoing were: Mr. Stokes, Mr. Miller, Ms. Jackson and Ms. Merchant.

Voting against the foregoing were: None.

6. FOR DISCUSSION REGARDING EMINENT DOMAIN ISSUES

Mr. McMahon commented that the recent decision in *Kelo v. City of New London* (see **Exhibit C**) with respect to the use of eminent domain for economic development purposes has many people concerned. He reported that, at Governor Carcieri's request, the EDC will study how other locations are dealing with this issue in order to come up with a procedure to be used in Rhode Island. Mr. McMahon stated that the EDC has already met with representatives from New York, who reported that New York has a very stringent procedure with respect to eminent domain issues.

Mr. Miller commented that having to vote on eminent domain matters has been the most unpleasant job he has ever had while sitting on any Board. He noted that the better defined the parameters the better for all concerned.

Mr. McMahon stated that it will take a couple of months to complete this study but that the results will be reported back to the Board when the study and its resulting recommendations have been completed.

There being no further business in Public Session the meeting was adjourned at 4:35 p.m., upon motion by Mr. Stokes and seconded by Ms. Jackson.

Robert I. Stolzman, Secretary